

## GROUND LEASE

This GROUND LEASE ("Ground Lease") is made and entered into as of June 28<sup>th</sup>, 2009 (the "Effective Date") by and between the STATE OF WASHINGTON, DEPARTMENT OF GENERAL ADMINISTRATION, hereinafter called the "Ground Lessor" and FYI PROPERTIES, a Washington nonprofit corporation, hereinafter called "Ground Lessee" with reference to the following facts:

### RECITALS

A. The State of Washington, acting by and through the Department of Information Services ("DIS") has been given authority, under ch. 520 sec. 6013 and sec. 6014, Laws of 2007, as amended by ch. 328, sec. 6001(8), Laws of 2008 and ch. 497 sec. 6031(8), Laws of 2009 to enter into a financing lease for the development of the "Wheeler Block" on the capitol campus property owned and managed by Ground Lessor.

B. DIS has heretofore advertised for proposals for the design and construction of improvements including (i) the Office Complex, consisting of a six-story office building, plus a three-story wing including conference and training centers, containing approximately 251,000 square feet of space; (ii) the Data Center Complex, consisting of data halls containing approximately 111,000 square feet of area and a separate supporting mechanical building; (iii) an underground parking garage containing approximately 300 parking stalls; and (iv) 35 surface parking stalls (the "Improvements") to be located on certain real property owned by Ground Lessor situated in the City of Olympia, Thurston County, Washington and legally described in Exhibit "A" attached hereto and incorporated herein by reference (the "Land").

C. The Ground Lessor has agreed to enter into this thirty-five (35) year ground lease of the Land with Ground Lessee on the express condition that Ground Lessee agrees to construct the Improvements on the Land by entering into a Development Agreement (the "Development Agreement") with Wright Runstad Associates Limited Partnership, a Washington limited partnership ("Developer"), pursuant to which Developer agrees to cause the permitting, design and construction of the Improvements for a fixed price in accordance with the Project Requirements (as defined in the Development Agreement).

D. Following completion of the Improvements, DIS will lease the Improvements from Ground Lessee under the terms of a thirty (30) year lease and in full compliance with Chapter 39.94 RCW (the "Financing Lease"), upon the expiration of which title to the Improvements will vest in the State of Washington ("State"). Ground Lessee has agreed to execute the Financing Lease as the lessor.

E. Ground Lessor is willing to ground lease the Land to Ground Lessee on the express condition that Ground Lessee agrees to cause the design and construction of the Improvements by entering into the Development Agreement with Developer, lease the Improvements to DIS pursuant to the Financing Lease, execute the Indenture, and assign for collateral purposes its leasehold interest and all of its rights, title and interest under this Ground Lease, the Financing Lease and in the Monthly Rent payments to be made by DIS under the

Financing Lease, to the Trustee pursuant to the provisions set forth in the Indenture and the Mortgage.

F. Ground Lessee intends to pay for the costs of the Improvements with the proceeds of tax-exempt obligations that satisfy the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings.

G. The State Finance Committee has, by Resolution No. 1086, approved the Financing Lease and Ground Lessor and Ground Lessee expect that the State Finance Committee at its meeting scheduled for July 14, 2009 will approve the issuance of the Bonds and approve the acceptance by the State of title to the Improvements when the Bonds have been paid and retired.

H. The State is authorized under the Constitution and the laws of the State of Washington to enter into this Ground Lease for the purposes hereinabove set forth. The Department of General Administration, Ground Lessor, is granted authority to lease property under RCW 43.82.010.

I. Ground Lessor and Ground Lessee deem it to be in the best public interest to enter into this Ground Lease.

NOW, THEREFORE, pursuant to law and in consideration of the mutual covenants, promises and agreements contained herein, the parties agree as follows:

### **AGREEMENT**

1. Incorporation of Recitals; Definitions. Each recital set forth above is incorporated into this Ground Lease as though fully set forth herein. As used herein, the following terms shall have the following meanings. All capitalized terms not otherwise defined herein shall have the same definition as set forth in the Financing Lease or if not defined therein, as defined in the Indenture.

Additional Rent. All costs, expenses, insurance premiums, Impositions and other payments, excluding Ground Rent, that Ground Lessee is required to pay under the terms of this Ground Lease.

Bond Closing. The date the proceeds of the Bonds are first made available to the Trustee. The parties expect that Bond Closing will occur on or before August 31, 2009.

Bonds. Those tax-exempt obligations to be issued by Ground Lessee which satisfy the requirements of Revenue Ruling 63-20, Revenue Procedure 82-26 and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financing, from the proceeds of which Ground Lessee intends to pay, among other things, the costs for construction of the Improvements.

Building Design Guidelines. Those program requirements, performance criteria, and environmental and physical criteria set forth in that certain "Building Design Guidelines for DIS Data Center and Office Buildings" as issued by the Department of Information Services, State of Washington, and as amended in accordance with the Request for Proposal for the Project (#A08-RFP-020 dated October 8, 2007, as amended), for the first-class office buildings, data center and ancillary improvements to be constructed on the Land pursuant to a site plan permit to be issued with respect to the Project by the City of Olympia.

Data Center Complex. Data halls containing approximately 111,000 square feet of area and a Mechanical Building.

Developer. Wright Runstad Associates Limited Partnership, a Washington limited partnership and its successors and permitted assigns under the Development Agreement.

Development Agreement. That certain Development Agreement to be entered into between Ground Lessee and Developer on or before Bond Closing, as amended from time to time, which provides for the development, design, permitting and construction of the Improvements.

Effective Date. The date this Ground Lease has been fully executed, acknowledged and delivered by Ground Lessor and Ground Lessee.

Events of Default. Those occurrences described in Section 20 giving rise to Ground Lessor's remedies, including the right to terminate this Ground Lease, as described in Section 20.

Financing Lease. That certain sublease of even date herewith by and between the Ground Lessee as lessor and DIS as lessee that demises the Land described in this Ground Lease and the Improvements to DIS.

Ground Rent. The amount payable pursuant to Section 3.A below.

Impositions. All real and personal property taxes and assessments (including assessments for public improvements), license and permit fees, charges for public utilities, leasehold excise taxes, other excise taxes, levies, sales, use and occupancy taxes, privilege taxes, business and occupation taxes and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen, of every character (including interest and penalties thereon) which are imposed, levied upon or assessed against or which arise with respect to the Land, the Property, the Improvements, (or any portion thereof), any Rent or other sum payable under this Ground Lease, the leasehold estate created by this Ground Lease, or Ground Lessee's operation, use or possession of the Land, the Improvements or the Property on or after the Effective Date and all gross receipts or similar taxes (i.e., taxes based upon gross income which fail to take into account deductions with respect to depreciation, interest, taxes or ordinary and necessary business expenses relating to the Property) imposed, levied upon, assessed against or measured by any Rent or other sums payable under this Ground Lease, all sales, value added, ad valorem, use and similar taxes levied, assessed or payable on account of the leasing, use, possession, control or operation of the

Property and all charges, fees and assessments, for utilities, communications and similar services provided to the Property and/or the Improvements on or after the Effective Date.

Improvements. Improvements means (i) the Office Complex, consisting of a six-story office building, plus a three-story wing including conference and training centers, containing approximately 251,000 square feet of space; (ii) the Data Center Complex, consisting of data halls containing approximately 111,000 square feet of area and a separate supporting mechanical building; (iii) an underground parking garage containing approximately 300 parking stalls; and (iv) 35 surface parking stalls, and other design and construction, including, without limitation, demolition of existing improvements on the Land, site work, including all road improvements required under Permits, utility relocation and installation of utilities as required to service the Office Complex, the Data Center Complex and Garage, all fixtures, equipment and improvements associated therewith to be constructed on the Land by or for the account of Ground Lessee pursuant to the Development Agreement. The Improvements shall be deemed to be real property and shall be the property of Ground Lessee during the term of this Ground Lease. Upon the earlier of payment or defeasance of the Bonds in full, the Improvements shall become the property of the State.

Indenture. The indenture of trust or other agreements or documents pursuant to which Ground Lessee will cause the issuance of the Bonds.

Land. The real property located in the City of Olympia, Thurston County, Washington more particularly described in Exhibit "A" hereto and by this reference incorporated herein.

Office Complex means the six-story office building, plus the three-story wing including conference and training centers, containing approximately 251,000 square feet of space.

Project Requirements. The Building Design Guidelines, applicable provisions from the Request for Proposal for the Project #A08-RFP-020 dated October 8, 2007, as amended, Developer's response to such Request for Proposal dated November 1, 2007 (signed by Developer November 2, 2007), as modified by the Preliminary Plans and Outline Specifications and other requirements for the Project specifically agreed to by Ground Lessee and Developer, and the SEPA Mitigated Determination of Non-Significance dated April 3, 2008 issued by The Department of General Administration of the State of Washington, as modified by the SEPA Mitigated Determination of Non-Significance "Modified" dated April 25, 2008 issued by The Department of General Administration of the State of Washington.

Property. The collective term for the Land and the Improvements.

Rent. The collective term for Ground Rent and Additional Rent.

Toxic or Hazardous Substances. Toxic or Hazardous Substances shall be interpreted broadly to include, but not be limited to, any material or substance that is defined or classified under federal, state or local laws as: (a) a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42

U.S.C. § 9601 (14) or Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321, each as now or hereafter amended; (b) a “hazardous waste” pursuant to Section 1004 or Section 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6903, 42 U.S.C. § 6921, as now or hereafter amended; (c) a “toxic pollutant” under Section 307(1) (a) of the Federal Water Pollution Control Act, 33 U.S.C. § 1317(1) (a), as now or hereafter amended; (d) a “hazardous air pollutants” under Section 112 of the Clean Air Act, 42 U.S.C. § 7412, as now or hereafter amended; (e) a “hazardous material” under the Hazardous Material Transportation Act, 49 U.S.C. § 1802(2), as now or hereafter amended; (f) toxic or hazardous pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (g) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances, or regulations as now existing or as may be passed or promulgated in the future. “Toxic or Hazardous Substances” shall also mean any substance that after release into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer or genetic abnormalities. “Toxic or Hazardous Substances” specifically includes, but is not limited to, asbestos, polychlorinated biphenyls (PCBs), petroleum and petroleum based derivatives, flammable explosives, radioactive materials and urea formaldehyde.

Trustee. The Bank of New York Mellon Trust Company N.A. as the bond trustee under the Indenture or any duly authorized successor thereto appointed pursuant to the Indenture.

## 2. Premises and Term.

A. Premises. Ground Lessor, in consideration of the rents herein reserved and the terms, covenants, and conditions of this Ground Lease to be kept and performed by Ground Lessee, hereby demises and leases to Ground Lessee, and Ground Lessee hereby hires and leases from Ground Lessor, the Land (excepting the Improvements hereinafter placed on the Land, which Improvements are the property of Ground Lessee during the term of this Ground Lease), subject to all matters affecting title to the Land on the date hereof.

B. Exclusions of Real Property from Land Demised Under this Ground Lease. Ground Lessee acknowledges that Ground Lessor shall have the right to amend this Ground Lease from time to time to exclude portions of the real property from the Land originally demised hereunder. In the event Ground Lessor elects to so exclude portions of the real property from the Land originally demised under this Ground Lease, Ground Lessee agrees to cooperate fully with Ground Lessor in excluding such real property from the remainder of the Land demised hereunder and shall execute such amendments to this Ground Lease, the Indenture and the Financing Lease deemed necessary or desirable by Ground Lessor from time to time to exclude such portions of the real property from the Land originally demised hereunder upon: (a) its receipt of a survey certified by a licensed Washington surveyor delineating the boundaries and legal description of the remaining Land that will continue to be demised hereunder; (b) an opinion of counsel or other evidence reasonably satisfactory to Ground Lessee that the remaining Land (i) is assessed as a separate tax parcel, (ii) will be in compliance with, and not in violation of, any applicable covenants, restrictions, statutes, laws, ordinances, rules and/or regulations pertaining to the use and development of the remaining Land, including but not limited to those pertaining to subdivision and platting; (c) the Ground Lessor as the owner of the remaining Land

shall provide such easements and reciprocal agreements as may be necessary to provide comparable pedestrian, vehicular access and other uses, amenities and operations to the Improvements (including public utilities) as existed prior to the release of such property from the Land originally demised hereunder; (d) an amendment to the Financing Lease executed and delivered by DIS and satisfactory to Ground Lessee that (i) consents to the removal of the excluded portion of the Land from the Financing Lease concurrently with exclusion thereof from this Ground Lease, and (ii) confirms that all other provisions of the Financing Lease shall remain in effect as to the remaining portion of the Property, without any abatement or reduction of Rent except insofar as variable operating costs payable by DIS under the Financing Lease (e.g., utility and other costs) may decline following removal of the excluded portion of the Property; (e) written confirmation from DIS that the amendment shall have no adverse effect on the ability of DIS to perform its obligations under the Financing Lease; and (f) an opinion of nationally recognized bond counsel that the exclusion of such real property from the remainder of the Land demised hereunder will not adversely affect the tax-exempt status of interest on the Bonds.

C. Term. The term of this Ground Lease shall commence on the Effective Date of this Ground Lease and, unless sooner terminated pursuant to any provision of this Ground Lease, shall automatically terminate on the earlier of (i) the date thirty-five (35) years after Bond Closing, or (ii) the date that the Bonds have been paid or defeased in full, and except as otherwise expressly provided herein, the Ground Lessor and Ground Lessee shall thereafter have no further rights, duties or obligations to one another hereunder.

3. Rent.

A. Prepaid Ground Rent. Ground Lessor acknowledges receipt of the sum of One Hundred Dollars (\$100.00), which represents prepaid Ground Rent for the entire Ground Lease term. Ground Rent is fully earned upon the Effective Date and is nonrefundable. The amount of Prepaid Ground Rent has been determined by the parties following extensive negotiation to be the maximum amount of ground rent attainable by Ground Lessor taking into consideration the following criteria: (i) the rental being paid to other lessors by lessees of similar property for similar purposes over similar periods of time; (ii) the ground rental is based on the ground rent for the unimproved property only; (iii) Ground Lessee's agreement to use its best efforts to issue the Bonds; (iv) the construction risk assumed by Ground Lessee in agreeing to enter into the Development Agreement whereby the Developer will agree to design and construct the Improvements on the express conditions that Ground Lessee lease the Land and the Improvements to DIS for the Monthly Rent payments and other terms and conditions set forth in the Financing Lease; (v) DIS's rights to terminate its obligation to make Monthly Rent payments under the circumstances set forth in Section 37 of the Financing Lease; and (vi) the restrictions set forth in this Ground Lease on Ground Lessee's ability to sublease the Improvements or assign its rights under the Ground Lease or its title in the Improvements to any third party without the prior written consent of the Ground Lessor.

B. Additional Rent. From and after the Effective Date, Ground Lessee shall also pay, without notice and without set-off, deduction or abatement, Additional Rent when the same shall be due and payable and in any event prior to delinquency. In the event of any non-payment of Additional Rent, Ground Lessor shall have, in addition to all other rights and remedies, all rights and remedies provided for herein or by law for the non-payment of Rent.

C. Net Lease. This Ground Lease shall be deemed and construed to be a “net lease” and from and after the Effective Date Ground Lessee shall pay to Ground Lessor Ground Rent, Additional Rent, and other payments hereunder, free of any charges, assessments, Impositions or deductions of any kind and without abatement, deduction or setoff, whether now existing or hereafter arising or beyond the present contemplation of the parties.

4. Title to Improvements. Title to and ownership of the Improvements hereafter constructed on the Land by or at the direction of the Ground Lessee pursuant to the Development Agreement and all fixtures and equipment installed thereon by or at the direction of Ground Lessee shall be vested in Ground Lessee until the expiration or termination of this Ground Lease. It is the intention of the parties that the separation of the title to the Land from the title to the Improvements is not intended to change the character of the Improvements as real property. Upon the expiration or termination of this Ground Lease, title to all Improvements and all fixtures and equipment installed thereon by or at the direction of the Ground Lessee shall vest automatically in the Ground Lessor.

During the term of this Ground Lease, the Improvements shall not be conveyed, transferred or assigned, except for a lien to be granted by the Ground Lessee under the terms of the Mortgage for the benefit of the Trustee, as further described in the Indenture. At all times the owner of the leasehold interest of the Ground Lessee under this Ground Lease shall also be the owner of the Improvements. Any attempted conveyance, transfer or assignment, whether voluntarily or by operation of law or otherwise, to any person or entity not in compliance with the preceding sentence shall be void and of no effect whatsoever. Ground Lessee shall allow no other party to construct any additional improvements on the Land.

Upon any termination of this Ground Lease, all of Ground Lessee’s right, title and interest in and to the Improvements shall terminate and title to the Improvements shall automatically vest in the Ground Lessor and the Improvements shall be surrendered by Ground Lessee to the Ground Lessor. No further deed or other instrument shall be necessary to confirm the vesting in the Ground Lessor of title to the Improvements. However, upon any termination of this Ground Lease, Ground Lessee shall, upon request of the Ground Lessor, execute, acknowledge and deliver to the State a statutory warranty deed modified to convey all of Ground Lessee’s leasehold interest in the Land and its fee ownership in the Improvements constructed by Ground Lessee thereon to the State and confirming that title to the Improvements has vested in the State.

5. No Encumbrances. Except as otherwise expressly provided herein, during the term of this Ground Lease, Ground Lessee shall not encumber its leasehold interest in the Land or its fee interest in the Improvements without the prior written consent of Ground Lessor, which consent may be withheld or denied by Ground Lessor in the sole exercise of its discretion.

Notwithstanding the foregoing, Ground Lessor consents to and acknowledges that Ground Lessee intends to assign and mortgage its leasehold interest in the Land and its fee interest in the Improvements to the Trustee pursuant to the Mortgage (as defined in the Financing Lease) for the benefit of the owners of the Bonds.

6. Satisfaction of Obligations Under Ground Lease.

A. Payment of Rent. Ground Lessor acknowledges that from and after the Commencement Date of the Financing Lease (as defined therein) and during the Term of the Financing Lease (as defined therein), DIS has agreed to pay all Rent required to be paid by Ground Lessee to Ground Lessor under the provisions of Section 3 of this Ground Lease, including, but not limited to all elements of Additional Rent described in Sections 7, 8, 9 and 14 of this Ground Lease.

B. Compliance with the Provisions of the Financing Lease. Ground Lessor acknowledges that from and after the Commencement Date of the Financing Lease and until the Expiration Date of the Financing Lease:

(i) The insurance obligations set forth in Section 14 of this Ground Lease will be deemed satisfied so long as the insurance requirements of Sections 14 through 18 of the Financing Lease are satisfied;

(ii) The provisions of Section 20 of the Financing Lease shall determine the distribution of any condemnation awards or title insurance payments in the event that all or any portions of the Land or the Improvements is taken by eminent domain or there is a loss of title; and

(iii) The provisions of Section 19 of the Financing Lease shall govern and control in the event there is any damage to or destruction to the Land or the Improvements.

7. Impositions. Ground Lessee will, at Ground Lessee's own cost and expense, pay and discharge, on or before the fifteenth (15th) day prior to the last day upon which the same may be paid without interest or penalty, all Impositions. Ground Lessee shall pay all interest and penalties imposed upon the late payment of any Impositions that Ground Lessee is obligated to pay hereunder.

With respect to any Impositions which may be levied against the Land, the Improvements, any Rent or other sum payable under this Ground Lease, the leasehold estate created by this Ground Lease or otherwise, or which under the laws then in force may be evidenced by improvement or other bonds or may be paid either in full or in periodic installments, Ground Lessee may elect to pay such Impositions in only the amount of the periodic installments then due (including interest) so long as such payment does not cause the Impositions to become delinquent or allows the Land or the Improvements thereon to be sold for the non-payment of any such Imposition or subject the Ground Lessor to penalties, fines or criminal prosecution.

If Ground Lessee fails to pay any Imposition on or before the fifteenth (15th) day prior to the last day upon which the same may be paid without interest or penalties for the late payment thereof, then the State may pay the same with all interest and penalties lawfully imposed upon the late payment thereof. The amounts so paid by Ground Lessor shall be immediately due and payable by Ground Lessee to Ground Lessor hereunder.



Ground Lessee, at Ground Lessee's own cost and expense may, in good faith, contest the validity or amount of any Imposition, in which event Ground Lessee may defer the payment thereof while such contest shall be actively and diligently prosecuted and shall be pending undetermined, provided that:

(a) fifteen (15) days before the contested Imposition becomes delinquent by non-payment, Ground Lessee shall deposit and thereafter maintain with Ground Lessor an amount of money or other security reasonably satisfactory to Ground Lessor sufficient to pay the contested items together with the interest and penalties thereon accruing during such contest. The money shall be held by Ground Lessor, and shall be applied to the payment of such contested item together with interest and penalties thereon, if any, when the amount or amounts thereof have been finally determined;

(b) no provisions of this Ground Lease shall be construed to require Ground Lessor to allow any such contested items to remain unpaid for such length of time as shall permit the Land or the Improvements, or any part thereof or interest therein, to be sold for the nonpayment thereof or the lien thereon created by such contested item to be foreclosed;

(c) deferral of payment and contest of the Imposition will not subject Ground Lessor to criminal prosecution or fine; and

(d) Ground Lessee shall indemnify, protect, defend and hold Ground Lessor and the Property harmless from and against any loss, cost, damage, liability, interest, attorneys' fees and other expenses arising out of such deferral of payment and contest of the Imposition.

At any time prior to or during the pendency of any such contest, Ground Lessor, after written notice to Ground Lessee, may pay out and apply so much of the money deposited by Ground Lessee as may be required to the payment of any Impositions, together with interest and penalties, which, in Ground Lessor's judgment should be paid to prevent the sale of the Land, or the Improvements or any part thereof. To the extent that the amount of money so deposited with Ground Lessor shall be insufficient to fully satisfy and discharge any such Imposition, together with interest and penalties thereon, Ground Lessor may pay the same and the deficiency so paid by Ground Lessor shall be immediately due and payable by Ground Lessee to Ground Lessor.

8. Utilities. Ground Lessee shall be solely responsible for and shall pay separately for all charges for Utilities used or consumed at the Property during the term of this Ground Lease. Except as otherwise provided in the Financing Lease, Ground Lessee shall make any necessary arrangements to have all such services or Utilities billed directly to and paid for directly by Ground Lessee. "Utilities" means all utilities and services furnished to the Property, including without limitation, gas, electricity, water, sewer, storm water, garbage collection and telephone service.

Ground Lessor shall not be liable under this Ground Lease for any loss or damage caused by or resulting from any variation, interruption or failure of Utilities or other services due to any cause whatsoever (other than the Ground Lessor's intentional termination or interruption of such

Utilities without legal justification), and no temporary interruption or failure of such Utilities or other services incident to the making of repairs, alterations or improvements or due to accident or strike conditions shall be deemed an eviction of Ground Lessee or relieve Ground Lessee from any of Ground Lessee's obligations hereunder.

9. Maintenance and Repair. Ground Lessee shall at all times during the term of this Ground Lease, at Ground Lessee's own cost and expense, keep the Land and the Improvements now or hereafter located thereon, all facilities and equipment thereon, and all sidewalks, curbs, gutters, landscaping, utility lines and all appurtenances to the Land and Improvements in good operating condition and repair, free of obstruction, and in such condition as may be required by law and by the terms of the insurance policies furnished pursuant to this Ground Lease, whether or not such repair shall be interior or exterior, structural, extraordinary or ordinary.

10. Compliance with Law. Ground Lessee shall at all times at Ground Lessee's own cost and expense, perform and comply with all laws, rules, orders, ordinances, regulations and requirements now or hereafter enacted or promulgated, of every government, municipality or agency thereof relating to the Property, or the facilities or equipment therein, or the streets, sidewalks, vaults, vault spaces, curbs and gutters adjoining the Land or the appurtenances to the Land, or the franchises and privileges connected therewith, whether structural or extraordinary changes, improvements, interference with use of the Improvements, or the Land are necessitated, and irrespective of the cost thereof.

Ground Lessee shall at its sole cost and expense procure or cause to be procured all necessary permits, licenses or other authorizations required for the lawful and proper construction, use, occupation, operation and management of the Property.

11. Leasehold Improvements.

A. Plans and Specifications. Ground Lessee shall cause Developer to design and construct the Improvements in accordance with the Project Requirements and the final plans and specifications to be prepared pursuant to the terms of the Financing Lease and the Development Agreement (the "Approved Plans and Specifications"). Subject to the terms, covenants and conditions herein, upon completion of the Improvements Ground Lessee will furnish Ground Lessor with complete and detailed "as-built" plans for the Improvements. Ground Lessee agrees that upon completion, the Improvements shall be free and clear of all construction liens and Ground Lessee shall have obtained the issuance of a certificate or certificates of occupancy permitting DIS's use and occupancy of the Improvements.

B. Design and Construction of Improvements. Promptly following the execution of this Ground Lease and the Development Agreement and Bond Closing, Ground Lessee shall cause Developer to undertake the preparation of design, development and construction documents for construction of the Improvements, which design, development and construction documents shall be consistent developments of the Project Requirements, and to take all actions necessary to obtain any required construction permits and authorizations from any federal, state or municipal government or departments or subdivisions having jurisdiction over the Property. Ground Lessor and Ground Lessee shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, Ground Lessor

shall not incur any liability or expense in connection therewith. Ground Lessee agrees to cause the Developer to commence construction of the Improvements promptly following receipt of all required permits and shall thereafter cause the Developer to construct the Improvements in a good and workmanlike manner in strict accordance with the Approved Plans and Specifications and in accordance with the Development Agreement. The Improvements shall be constructed entirely within the Land or road and utility easements held by Ground Lessor. The Improvements shall be constructed in accordance with any applicable law, ordinance, rule, regulation or requirement of the State of Washington or any applicable law, ordinance, rule, regulation or requirement of any county, city or other political subdivision thereof. Ground Lessee shall not permit any development or construction on the Land except as contemplated by the Financing Lease or the Development Agreement or as otherwise specifically approved in writing by Ground Lessor.

C. Completion of Improvements. The Development Agreement requires that the Improvements be completed, and delivery of the Improvements made to DIS on or before September 1, 2011 (subject to certain extensions as described in the Development Agreement). The Improvements shall be deemed to have been completed within the meaning of this Ground Lease when Substantial Completion of the Project, as defined in the Financing Lease, has occurred.

D. Bonding and Other Construction Contract Requirements. Ground Lessee shall require the General Contractor engaged by Ground Lessee to construct the Improvements to furnish payment and performance bonds for the construction of the Improvements, and all Construction Contracts entered into between Ground Lessee and any Contractor shall require that such Contractor maintain insurance and agree to indemnify Ground Lessee, DIS and Trustee (individually and collectively, "Indemnified Party") as required under the terms of the Development Agreement and the Financing Lease, and such Construction Contracts shall grant each Indemnified Party the express right to enforce the provisions of the Construction Contracts dealing with insurance and indemnification obligations as a third party beneficiary of such provisions. All Construction Contracts shall also include provisions consistent with the requirements of the Development Agreement, that all contractors and subcontractors employed in the construction of the Improvements shall pay the prevailing rate of wages as defined in Chapter 39.12 of the Revised Code of Washington.

E. Disclaimer. No provision of this Ground Lease obligates the Ground Lessor to design, construct or supervise the design and/or construction of the Improvements. It is understood and agreed that Ground Lessor's rights under this Ground Lease are for the sole purpose of protecting its interest as the owner of a reversionary interest in the Property. Ground Lessor's approval of any plans and specifications or the Development Agreement for the Improvements shall not be construed by Developer, any Contractor, Ground Lessee or any other person as a guaranty of the adequacy of the design or its compliance with applicable Requirements of Law. Ground Lessor's right of inspection as provided in this Ground Lease shall not constitute any representation or warranty, express or implied, as to the adequacy of, or impose any obligation of Ground Lessor to insure that work or materials are in compliance with, the Approved Plans and Specifications, the Construction Contracts or any building requirements imposed by a governmental agency.

F. Repairs and Alterations. Ground Lessee agrees that any repairs or alterations made by it to the Property shall be done in a good and workmanlike manner in conformity with all applicable Requirements of Law, that materials of good quality shall be employed therein and that the structure of the Improvements will not be endangered or impaired thereby. Ground Lessee agrees that it will procure all necessary permits before making any repairs or alterations. Ground Lessor agrees it will cooperate with Ground Lessee in obtaining such permits. Ground Lessee agrees to pay promptly when due the entire cost of any work done by the Ground Lessee upon the Property so that the Property shall remain free of all construction liens. Ground Lessee agrees to protect, defend, indemnify and hold the Ground Lessor harmless from any and all injury, loss, claim, or damage, including reasonable attorneys' fees, to any person or property occasioned by or arising out of such repairs or alterations by Ground Lessee. Ground Lessee shall pay for all damage to the Property incurred as a result of Ground Lessee's misuse of the Property or the appurtenances thereto.

G. Issuance of the Bonds. Ground Lessee agrees to use its best efforts to issue the Bonds.

12. Use and Management of Property. So long as DIS or another state agency is in occupancy of the Property under the Financing Lease, the Land shall be used by Ground Lessee solely for the construction of the Improvements and the lease of the Improvements to DIS or another state agency pursuant to the Financing Lease and for no other purposes whatsoever without the prior written consent of Ground Lessor.

Ground Lessee will not use or keep or allow the Property or any portion thereof or any appurtenances thereto, to be used or occupied for any unlawful purpose or in violation of any certificate of occupancy or any insurance policy carried with respect to the Property, and will not suffer any act to be done or any condition to exist on the Property or any portion thereof or in any appurtenance thereto, or permit any article to be brought therein which may be dangerous, unless safeguarded as required by law, or which may constitute a nuisance, public or private, or which may make void or voidable any insurance in force with respect thereto. Ground Lessee assumes the risk of any law, ordinance, rule or regulation either now in effect or hereafter enacted that prohibits or limits Ground Lessee's use of the Property.

Ground Lessor may direct Ground Lessee, at Ground Lessee's expense, to take such steps as are reasonably necessary to protect against possible claims of prescriptive rights in favor of the public.

13. Construction Liens. If any construction lien or other lien or charge shall be filed or made against Ground Lessor or the Property or any part thereof in connection with the design and construction of the Improvements pursuant to the Development Agreement, or if any such lien or charge shall be filed or made against Ground Lessor or the Property as a result of work performed by or at the direction of the Ground Lessee or the Developer, any Contractor or any subcontractor, laborer, materialman or supplier thereof, Ground Lessee shall within thirty (30) days after such lien or charge shall have been filed or made, cause the same to be cancelled and discharged of record either by payment thereof or filing a bond or otherwise, and shall also defend any action, suit or proceeding brought to enforce such lien or charge, and shall pay any damages, costs and expenses, including attorneys' fees, suffered or incurred therein by the

Ground Lessor, and shall satisfy and discharge any judgment entered therein within thirty (30) days from the entering of such judgment by payment thereof or filing of a bond, or otherwise. In the event of the failure of Ground Lessee to cause the discharge of such lien against the Property within such thirty (30) day period following the filing, recording or entry of any such lien, charge, or judgment, Ground Lessor may pay such items or discharge such liability by payment or bond or both, and Ground Lessee shall thereupon be liable to repay to Ground Lessor, upon demand, all amounts paid by State therefor, or by reason of any liability on any such bond, together with any and all incidental expenses, including attorneys' fees and costs incurred by Ground Lessor in connection therewith. Ground Lessee's obligations pursuant to this Section 13 shall survive the expiration or earlier termination of this Ground Lease. NOTICE IS HEREBY GIVEN THAT GROUND LESSOR SHALL NOT BE LIABLE FOR ANY LABOR OR SERVICES PERFORMED OR TO BE PERFORMED ON THE LAND OR THE IMPROVEMENTS THEREON, FOR DEVELOPER, CONTRACTORS, SUBCONTRACTORS, GROUND LESSEE OR ANY SUBTENANT, OR FOR ANY MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED AT THE LAND OR THE IMPROVEMENTS THEREON FOR DEVELOPER, CONTRACTORS, SUBCONTRACTORS, GROUND LESSEE OR ANY SUBTENANT, AND THAT NO CONSTRUCTION OR OTHER LIEN FOR SUCH LABOR, SERVICES, MATERIALS OR EQUIPMENT SHALL ATTACH TO THE LAND OR THE REVERSIONARY INTEREST OF STATE UNDER THIS GROUND LEASE. GROUND LESSOR SHALL HAVE THE RIGHT TO ENTER UPON THE PROPERTY AT ANY TIME FOR THE PURPOSE OF POSTING A NOTICE TO SUCH EFFECT ON THE LAND AND/OR THE IMPROVEMENTS.

14. Insurance.

A. Policies. During the Term of this Ground Lease, Ground Lessee shall, at Ground Lessee's sole cost and expense (but with Ground Lessee having the right to require Developer, Contractors and/or DIS, at their expense, to procure insurance that satisfies particular insurance requirements herein, to the extent required in the Development Agreement and/or Financing Lease), provide and keep in force with Ground Lessor as an additional insured thereunder:

(i) Commercial general liability insurance, including contractual liability, insuring against claims for personal injury (including without limitation, bodily injury or death), property damage liability and such other loss or damage from such causes of loss as are embraced by insurance policies of the type now known as "commercial general liability" insurance covering the Property and the Improvements, and business automobile liability (owned, hired or non-owned vehicles) covering the risks of bodily injury (including death) and property damage, including coverage for contractual liability.

Such insurance (i) shall be in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate or such other reasonable amount as Ground Lessor may determine from time to time; (ii) shall be issued by a financially responsible insurance company authorized to do business in the State of Washington and approved by the State Office of Risk Management; (iii) shall provide that the same may not be cancelled or given notice of non-renewal nor shall the terms or conditions thereof be altered, amended or modified without at least forty-five (45) days

prior written notice (ten (10) days for nonpayment of premiums) being given by the insurer to the State; and (iv) shall include contractual liability coverage.

(ii) From and after Bond Closing property insurance covering the Improvements against loss or damage from such causes of loss as are embraced by insurance policies of the type now known as "All Risks" or "Special Cause of Loss" property insurance which shall include all risk insurance for physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, flood, earthquake and boiler and machinery coverage on a replacement cost basis in an amount not less than one hundred percent (100%) of the then full replacement cost of the Improvements (exclusive of the cost of excavations, foundations and footings below the lowest basement floor), without deduction for physical depreciation thereof; provided, however, that Ground Lessor shall waive the requirement that Ground Lessee carry flood and/or earthquake insurance if the Ground Lessor determines, in the reasonable exercise of the judgment of the Office of Risk Management, that (a) such insurance is not required to be carried by ground lessees of similarly situated property in the State of Washington improved with improvements comparable to the Improvements, and (b) such insurance is not available at a commercially reasonable rate. Such property insurance shall be in builder's risk form during initial construction of the Improvements and during any restoration accomplished in connection with damage or destruction of the Property. Ground Lessor reserves the right to require such other insurance as the State Office of Risk Management may from time to time designate to cover other risks and hazards affecting the Property which are commonly insured against by prudent owners of similarly situated property in the State of Washington which have been improved with improvements comparable to the Improvements. Such property insurance shall (i) be issued by a financially responsible insurance company authorized to do business in the State of Washington and approved by the State Office of Risk Management; and (ii) shall provide that the same may not be cancelled or given notice of non-renewal nor shall the terms or conditions thereof be altered, amended or modified without at least forty-five (45) days prior written notice being given by the insurer to the State (ten (10) days for non-payment of premiums). Full replacement cost for the Improvements shall be determined at Ground Lessor's request not more frequently than at annual intervals, either by the insurer proposed by Ground Lessee or in the event that such insurer is not acceptable to Ground Lessor, by the State Office of Risk Management. Ground Lessor agrees that no property insurance on the buildings existing on the Land as of the Effective Date is required since the existing buildings will be demolished as part of the Project.

(iii) Such other insurance as the State Office of Risk Management may require from time to time.

(iv) Certificates of all such policies of insurance, together with receipts showing payment of the premiums thereon, shall be delivered to Ground Lessor and shall be in form reasonably satisfactory to Ground Lessor, shall be noncancellable without forty-five (45) days written notice to Ground Lessor, (ten (10) days for non-payment of premiums) and shall provide that the same may not be amended without the written consent of Ground Lessor. All insurance policies provided hereunder shall be primary to any other insurance or self-insurance programs afforded to or maintained by the Ground Lessor and shall include a severability of interests (cross-liability provision). Evidence of renewal of such policies in form satisfactory to

Ground Lessor shall be provided annually to Ground Lessor before the expiration of such policies.

(v) Prior to Final Acceptance of the Project (as defined in the Development Agreement) Ground Lessor acknowledges that Ground Lessee may satisfy its obligations with respect to insurance under this Section 14 so long as Ground Lessee, Contractors and Developer provide Ground Lessor with insurance which satisfies the requirements of the Development Agreement.

(vi) Notwithstanding the foregoing, Ground Lessor acknowledges that from and after the Commencement Date of the Financing Lease and so long as the Financing Lease is in effect, the insurance obligations hereinabove set forth will be deemed satisfied so long as Ground Lessee and/or DIS, as applicable, provide insurance which satisfies the requirements of Sections 14 through 18 of the Financing Lease.

B. Waiver of Subrogation Rights. Ground Lessor and Ground Lessee do each release the other, and the other party's shareholders, agents, employees, officials, officers, directors and authorized representatives, to the extent legally possible for it to do so, from any claims such releasing party may have for damage to the Property, personal property, improvements and alterations of any party in or about the Property to the extent the same is covered by a policy of property insurance insuring such party; provided, however, that this waiver shall be ineffective as to any such damage not covered by insurance required to be carried hereunder or, if greater in amount, insurance actually carried. Such waiver is conditioned upon the parties' ability to enter into such a waiver and is valid only to the extent allowed by their respective insurers. Ground Lessee shall use its best efforts to cause each fire or other casualty insurance policy obtained by it with respect to the Property or any portion thereof to provide that the insurance company waives all right to recover by way of subrogation against the Ground Lessor in connection with any matter covered by such policy, by endorsement or otherwise. A waiver of subrogation shall be effective to as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurance interest in the property damaged.

C. Failure to Maintain Insurance. If Ground Lessee shall fail to provide the insurance or evidence of insurance required herein, Ground Lessor may obtain such policies as the agent of Ground Lessee, and the premiums paid for such insurance shall be paid by Ground Lessee to Ground Lessor upon demand as Additional Rent. Ground Lessor shall not be limited in damages that Ground Lessor may claim against Ground Lessee arising out of or by reason of Ground Lessee's failure to provide and keep in force insurance policies as aforesaid, to the amount of the insurance premiums not paid or incurred by Ground Lessee, but shall also be entitled to recover as damages for such breach, the uninsured amount of any loss, liability, damage claim, costs and expenses of suit (including attorneys' fees), judgments and interest, and reasonable attorneys' fees suffered or incurred by Ground Lessor, which obligation shall survive the expiration or earlier termination of this Ground Lease.

15. Waiver and Indemnification.

A. Waiver. Ground Lessor, shall not be liable to Ground Lessee and Ground Lessee hereby waives all claims against Ground Lessor, for any injury, illness or death of any person or damage to any property in or about the Property by or from any cause whatsoever, and, without limiting the generality of the foregoing, whether caused by or resulting from fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Property, or Improvements, whether the damage or injury results from conditions arising upon the Property or other sources (other than any such injury, illness, death or damage caused by any act of negligence or willful misconduct of Ground Lessor, its agents or employees).

B. Indemnification. In addition to any other indemnity provided in this Ground Lease, in the event, and only in the event, that DIS or another state agency is not in occupancy of the Property under the Financing Lease, Ground Lessee agrees to protect, defend, indemnify and hold Ground Lessor, and its officials, officers, agents and employees, harmless from and against any and all liability, loss or expense (including reasonable attorneys' fees), incurred in connection with or arising from any injury, illness or death to any person or damage to any property or from any other cause whatsoever occurring in on or about the Property or any part thereof arising at any time and from any cause whatsoever (other than such injury, illness, death or damage caused by any act of negligence, bad faith or willful misconduct of Ground Lessor, its agents or employees). This indemnification obligation shall include, but is not limited to, all such claims against Ground Lessor by an employee or former employee of Ground Lessee or its agents or consultants. The foregoing duty is specifically and expressly intended to constitute a waiver with respect to the Ground Lessor only, of all immunity and limitation on liability under any industrial insurance act, including Title 51 RCW, other worker's compensation act, disability act or other employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim, with a full and complete indemnity and defense of claims made by Ground Lessee's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them. Notwithstanding the foregoing, Ground Lessee's obligation to indemnify the Ground Lessor shall not extend to any claim, demand or cause of action to the extent caused by any act of negligence or willful misconduct of Ground Lessor, DIS or other agency of the State or their respective, agents or employees. The provisions of this Section 15(B) shall survive the expiration or termination of this Ground Lease. In case any action or proceeding shall be brought against Ground Lessor by reason of any such claim or liability, Ground Lessee at Ground Lessee's sole cost and expense will defend by counsel selected or approved by Ground Lessor any and all suits that may be brought, and claims which may be made, against Ground Lessor. In the event Ground Lessee shall fail to protect, indemnify or defend Ground Lessor, Ground Lessor may undertake to protect and defend itself and Ground Lessee shall pay to Ground Lessor, upon demand, as Additional Rent, all costs and expenses incurred by Ground Lessor in connection therewith, including, without limitation, all attorneys' and paralegals' fees and other costs and expenses.

16. Fire and Other Casualty. If all or any portion of the Improvements or any appurtenance thereto shall be damaged or destroyed by fire or other casualty after Bond Closing, then, regardless of the cause and whether such damage or destruction shall have been insured, Ground Lessee shall give prompt written notice thereof to Ground Lessor, and shall proceed with reasonable diligence to carry out any necessary demolition and to restore, repair, replace and



rebuild the Improvements at Ground Lessee's own cost and expense. If any insurance proceeds shall have been paid by reason of such damage or destruction, Ground Lessee shall be entitled to such proceeds for the purpose of such rebuilding.

If Ground Lessee fails or neglects to supply sufficient workmen or sufficient materials of proper quality, or fails in any other respect to prosecute such work of demolition, restoration, repair, replacement or rebuilding with diligence and promptness, then Ground Lessor may give Ground Lessee written notice of such failure or neglect, and if such failure or neglect continues for sixty (60) days after such notice, then Ground Lessor, in addition to all other rights which Ground Lessor may have, may enter upon the Property, provide labor and materials, cause the performance of any contract, and take such other action as Ground Lessor may deem advisable, in which event Ground Lessor shall be entitled to reimbursement of its costs and expenses out of any insurance proceeds. All costs and expenses incurred by Ground Lessor in carrying out such work for which Ground Lessor is not reimbursed out of insurance proceeds shall be borne by Ground Lessee and shall be payable by Ground Lessee to Ground Lessor upon demand, which demand may be made by Ground Lessor from time to time as such costs and expenses are incurred, in addition to any other damages to which Ground Lessor shall be entitled hereunder.

Notwithstanding the foregoing, from and after the Commencement Date of the Financing Lease and for so long as DIS or another state agency is in occupancy of the Property under the Financing Lease, the provisions of Section 19 of the Financing Lease shall govern and control in the event there is any damage to or destruction of the Improvements.

17. Condemnation of the Property.

A. Entire Condemnation. If all or substantially all of the Property is taken by eminent domain, this Ground Lease shall automatically terminate as of the date Ground Lessee is required to vacate the Property and all Additional Rent shall be paid to that date. Substantially all of the Property shall be deemed to have been taken or lost if the Ground Lessor reasonably determines that the remaining portion of the Property is not of sufficient size or utility to permit the construction, operation and rental of the Office Complex, Data Center Complex and related improvements thereon on an economically feasible basis under the provisions of this Ground Lease, the Financing Lease and the Indenture. The amount of damages resulting to Ground Lessor and Ground Lessee and to the respective interests of Ground Lessor and Ground Lessee in the Property by reason of such taking shall be separately determined and computed by the court having jurisdiction of such eminent domain proceedings. Separate awards, judgments and payments shall be made with respect to the damage to Ground Lessor and Ground Lessee and such awards and payments shall be paid separately to Ground Lessor and Ground Lessee. If the damage to Ground Lessor and Ground Lessee (and the awards payable to each in connection therewith) cannot or will not be separately determined and computed by such court, then the awards granted with respect to such eminent domain proceedings shall be paid to Ground Lessor and the Ground Lessor, after deducting from said award or awards, all expenses and costs (including reasonable attorney's fees) incurred by Ground Lessor in connection with such condemnation and any Rent or other sums then due Ground Lessor pursuant to any of the other provisions of this Ground Lease, pay out such award or awards in the following order of priority:

FIRST: There shall be paid to the Trustee for application as provided in the Indenture the value, immediately prior to such taking or loss, of the Improvements and the appurtenances thereto, until the Bonds have been paid in full.

SECOND: The remainder, if any, of said award or awards shall be retained by Ground Lessor.

B. Partial Condemnation. Except as provided in paragraph A above, if less than all or substantially all of the Property thereon shall be taken as a result of the exercise of the power of eminent domain, then this Ground Lease shall continue in full force and effect as to the remaining Property. Ground Lessee shall proceed immediately and with due diligence to carry out any necessary repairs so that the remaining Improvements and appurtenances shall constitute complete structural units which can be operated on an economically feasible basis under the provisions of this Ground Lease. If Ground Lessee shall fail to supply sufficient workmen or sufficient materials of proper quality, or shall fail in any other respect to prosecute such work or repair or restoration with diligence and promptness, then Ground Lessor may give Ground Lessee written notice of such failure or neglect, and if such failure or neglect continues for sixty (60) days after such notice, then Ground Lessor, in addition to all other rights, which Ground Lessor may have, may enter upon the Land and the Improvements, provide labor and/or materials, cause the performance of any contract and/or do such other acts and things as Ground Lessor may deem advisable to prosecute such work, in which event Ground Lessor shall be entitled to reimbursement of its costs and expenses out of any condemnation award or awards. All costs and expenses incurred by Ground Lessor in carrying out such work for which Ground Lessor is not reimbursed out of any condemnation award or awards shall be borne by Ground Lessee and shall be payable by Ground Lessee to Ground Lessor upon demand, which demand may be made by Ground Lessor from time to time as such costs and expenses are incurred, in addition to any other damages to which Ground Lessor may be entitled hereunder, and shall survive expiration or earlier termination of this Ground Lease.

The entire award or awards for any such partial taking shall be paid to Ground Lessor which shall, after deducting therefrom all expenses and costs (including reasonable attorneys' fees) incurred by Ground Lessor in connection with the condemnation, and any Rent or other sums then due to Ground Lessor pursuant to any of the other provisions of this Ground Lease, pay-out such award or awards in the following order of priority:

FIRST: In the event of condemnation, that portion of the award or awards which represents compensation for damage to the Improvements not taken, plus that portion of said award or awards which is equal to the value, immediately prior to such taking, of the Improvements which shall have been taken shall be paid to the Trustee and be applied by Ground Lessee to pay for the cost of repair and restoration required to be carried out by Ground Lessee pursuant to this Ground Lease, with any excess being applied as provided in the Indenture.

SECOND: The remainder, if any, of said award or awards shall be retained by Ground Lessor.

Notwithstanding the foregoing, from and after the Commencement Date of the Financing Lease and for so long as DIS or another state agency is in occupancy of the Property under the Financing Lease, the provisions of Section 20 of the Financing Lease shall determine the distribution of any condemnation awards.

18. Assignment; Subletting.

A. Prohibition. Ground Lessee shall not assign this Ground Lease or any interest herein, nor shall this Ground Lease be assignable or transferable by operation of law or by the process or proceeding of any court, or otherwise, except a collateral assignment by Ground Lessee of its rights under this Ground Lease to the Trustee as security for the payment of the Bonds issued pursuant to the Indenture and secured by the Mortgage. "Assign" includes any transfer, whether voluntary or involuntary, of any interest in this Ground Lease and includes transfers to a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

For so long as DIS or another state agency is in occupancy of the Property under the Financing Lease, Ground Lessee shall not sublet any of its interest in the Land or lease any of its fee interest in the Improvements (both of which shall be termed "sublet") without Ground Lessor's prior written consent, which consent may be withheld or denied by Ground Lessor in the sole exercise of its discretion. "Sublet" includes any license or permission to occupy the Property. No consent by Ground Lessor to one subletting shall be deemed or construed to relieve Ground Lessee from obtaining Ground Lessor's written consent to any further subletting.

Any attempted assignment, or any attempted subletting contrary to the provisions of this Section 18, shall be void and shall constitute an Event of Default by Ground Lessee under this Ground Lease.

No acceptance by Ground Lessor of Additional Rent, or any performance herein provided to be done or paid by Ground Lessee from any third person shall discharge Ground Lessee from liability to pay all Rent and other sums herein provided to be paid by Ground Lessee or from liability to perform any of the terms, covenants, and conditions of this Ground Lease, provided, however, that Ground Lessor shall not be entitled to receive payment from Ground Lessee for an item for which Ground Lessor has previously received payment from such third party.

B. Subleases. In the event there has been an Event of Default under the Financing Lease, the Financing Lease has terminated as a result of the occurrence of an event of non-appropriation or emergency reduction in funding pursuant to the provisions of Sections 36 and 37 of the Financing Lease, or DIS has elected to terminate the Financing Lease pursuant to the provisions of Section 9.16 of the Financing Lease as result of the failure of the landlord thereunder to deliver possession of the Improvements to DIS within the time period therein set forth, Ground Lessee shall have the right to sublease all or any portion of the Improvements under terms of a sublease agreement in form and substance reasonably acceptable to Ground Lessor and with the prior written consent of the Ground Lessor, which consent shall not be unreasonably withheld or delayed, if the following conditions have been met:

(i) Ground Lessee shall give first priority to state agencies to become subtenants.

(ii) Any non state agency subtenant shall be of such character, reputation and financial condition and stability that Ground Lessor reasonably believes that such subtenant will be able to discharge the Ground Lessee's obligations under this Ground Lease and discharge any additional obligations imposed under its sublease.

(iii) The sublease shall contain terms and conditions, including among other terms, insurance and indemnification provisions comparable to those set forth in the Financing Lease and suitable environmental covenants to protect the Ground Lessor's reversionary interest in the Land and Improvements, comparable to office leases for space comparable to the Improvements in Thurston County; provided, however, that no such sublease shall contain a right of first refusal, option to purchase all or any portion of the Property or any renewal extension beyond the term of this Ground Lease.

(iv) The term of any such sublease (inclusive of any rights to renew or options to extend) shall automatically expire upon payment or defeasance of all outstanding Bonds under the Indenture and shall also expire prior to or concurrently with the expiration of the term of this Ground Lease.

(v) If the Financing Lease has terminated because of the occurrence of an event of non-appropriation or emergency reduction in funding under Sections 36 and 37 of the Financing Lease, or following the occurrence of an Event of Default under the Financing Lease, this Ground Lease and any subleases shall automatically terminate upon payment or defeasance of all Bonds outstanding under the Indenture.

Once the Ground Lessor has approved any such sublease, Ground Lessee shall not modify any such sublease or permit cancellation or accept the surrender of any sublease without the prior written consent of Ground Lessor in each instance, which consent shall not be unreasonably withheld, provided that such consent shall not be required to the institution, prosecution or settlement of any action or proceeding against such subtenant by reason of a default on the part of such subtenant under the terms of such sublease. Such consent of Ground Lessor shall not be required to move any such subtenant to another part of the Improvements, provided that thereafter such subtenant shall be obligated to pay a rent which shall be no less than either the fair market rent of its new space or that payable by it for the vacated space.

Ground Lessee hereby assigns to Ground Lessor following any default by Ground Lessee hereunder and expiration of any applicable cure period and without the necessity of Ground Lessor taking possession of the Property, the right to collect from any or all subtenants all rents and other sums payable by them, and to apply the same to the payment of Rent and all other amounts payable by Ground Lessee hereunder, and Ground Lessor's expenses in collecting such rents and other sums, and so long as Ground Lessee is in default hereunder, to hold any balance to apply against the future Rent and other sums and future obligations to be paid or performed by Ground Lessee hereunder. No exercise by Ground Lessor of rights under this subparagraph shall be deemed a waiver by Ground Lessor of any other rights hereunder, an acceptance by Ground Lessor of such subtenant, an acquiescence by Ground Lessor to the occupancy of any part of the

Property by such sublessee, or a release of Ground Lessee from the performance of any of its obligations hereunder.

19. Injunction. Ground Lessor, at Ground Lessor's option, in addition to any other rights reserved to Ground Lessor, may enforce by injunction any of the terms, covenants, conditions and agreements hereof.

20. Default; Termination.

A. Events of Default. The following constitute Events of Default under this Ground Lease:

(i) Any insurance premium that Ground Lessee is obligated to pay under this Ground Lease is not paid within ten (10) days after the date when due; or

(ii) Additional Rent or any other sum of money that Ground Lessee is obligated to pay under this Ground Lease is not paid within sixty (60) days after the date when due; or

(iii) Ground Lessee assigns, sublets, mortgages or encumbers this Ground Lease, or the Property, other than as expressly permitted hereunder, or if this Ground Lease shall be transferred to any person or entity except in the manner permitted hereunder; or

(iv) Ground Lessee defaults in the performance or observance of any of the other terms, covenants, conditions or agreements of this Ground Lease for sixty (60) days after written notice and demand, or if such default shall be of such a nature that the same cannot practicably be cured within such sixty (60) day period and Ground Lessee shall not within said sixty (60) day period commence with due diligence and dispatch the curing and performance of such defaulted term, covenant, condition or agreement, or if Ground Lessee shall within said sixty (60) day period commence with due diligence and dispatch to cure and perform such defaulted term, covenant, condition or agreement and shall thereafter fail or neglect to prosecute and complete with due diligence and dispatch the curing and performance of such defaulted term, covenant, condition or agreement; or

(v) Ground Lessee shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Ground Lessee or of all or any substantial part of its properties or of the Property, or within sixty (60) days after the commencement of any proceeding against Ground Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceedings shall not have been dismissed.

B. Remedies. If an Event of Default occurs, Ground Lessor may elect, in addition to any other rights or remedies it may have:

(i) To continue this Ground Lease in effect until Ground Lessor elects to terminate Ground Lessee's right to possession, and Ground Lessee shall remain liable to perform all of its obligations under this Ground Lease and Ground Lessor may enforce all of Ground Lessor's rights and remedies, including the right to recover Additional Rent and any other sum payable hereunder as and when the same fall due. If Ground Lessee fails to manage, maintain and protect the same as herein provided, Ground Lessor shall have the right to do all things necessary or appropriate to manage, maintain, preserve and protect the Property, including the installation of keepers or guards, the appointment of a receiver, or the retention of a property manager, and may do all things appropriate to a subletting of the Property for the account of Ground Lessee, including the posting of signs, and none of said acts shall be deemed to terminate Ground Lessee's right of possession, unless and until Ground Lessor elects to terminate the same by written notice to Ground Lessee. Ground Lessee agrees to reimburse Ground Lessor on demand for all amounts reasonably expended by Ground Lessor in managing, maintaining, preserving and protecting the Property, including reasonable attorney's fees and costs, together with interest on the amounts expended at the default rate set forth in this Section 20. Ground Lessor shall also have the right to renovate, remodel and repair the Property as reasonably necessary at the reasonable expense of Ground Lessee and as deemed necessary by Ground Lessor;

(ii) To terminate Ground Lessee's possession of the Property. If Ground Lessee's right to possession of the Property is terminated by Ground Lessor by reason of a breach of this Ground Lease by Ground Lessee, then this Ground Lease shall terminate. Upon such termination, Ground Lessor may recover from the Ground Lessee:

(a) The worth at the time of award of unpaid Additional Rent earned at the time of termination.

(b) Any other amount incurred by Ground Lessor as a result of Ground Lessee's failure to perform its obligations under this Ground Lease.

In the event Ground Lessor elects to continue this Ground Lease in effect pursuant to subparagraph 20(B)(i) above: (1) Ground Lessor shall make reasonable efforts to relet the Property or any part thereof, either in the name of Ground Lessor or otherwise; (2) Ground Lessee's liability to Ground Lessor shall also include such reasonable expenses as Ground Lessor may incur in connection with reletting, including without limitation attorneys' fees, brokerage commissions and expenses incurred in altering, repairing and putting the Property in good order and condition and in preparing the same for reletting, which in Ground Lessor's reasonable judgment, are advisable and necessary for the purpose of reletting the Property. Such expenses shall be paid by Ground Lessee as they are incurred by Ground Lessor. The making of such alterations or repairs shall not operate or be construed to release Ground Lessee from liability hereunder.

(iii) Bring an action for specific performance of Ground Lessee's obligations under this Ground Lease, or

(iv) Bring an action to recover all damages incurred by Ground Lessor as a result of Ground Lessee's breach.

(v) So long as DIS is in possession of the Property, there is no default by Ground Lessee or DIS under the Financing Lease and the Financing Lease remains in full force and effect, Ground Lessor will not terminate this Ground Lease.

C. Non-Waiver After Default. No receipt of moneys by Ground Lessor from Ground Lessee after a termination of this Ground Lease by Ground Lessor shall reinstate, continue or extend the term of this Ground Lease or affect any notice previously given to Ground Lessee, or operate as a waiver of the right of Ground Lessor to enforce the payment of Rent then or thereafter due. Ground Lessor shall receive as Ground Lessor's sole and absolute property, without duty to account therefor to Ground Lessee, any and all sums collected by Ground Lessor as rent or otherwise upon reletting the Property.

D. Payments of Money; Interest. All amounts that Ground Lessee is obligated to pay pursuant to this Ground Lease shall be deemed Rent, and in the event of the nonpayment by Ground Lessee of any sum of money whatsoever that Ground Lessee from time to time is obligated to pay to Ground Lessor under any provision of this Ground Lease, Ground Lessor shall have the same rights and remedies by reason of such nonpayment as if Ground Lessee had failed to pay an installment of Rent hereunder. Whenever Ground Lessee shall be obligated to make any payment of any sum of money whatsoever hereunder, interest shall accrue thereon and be payable hereunder at the rate of twelve percent (12%) per annum, computed from the date such payment first became due hereunder.

## 21. Bankruptcy.

A. Assumption of Ground Lease, Financing Lease and Development Agreement. If Ground Lessee becomes a Debtor under Chapter 7 of the Bankruptcy Code or a petition for reorganization or adjustment of debts is filed concerning Ground Lessee under Chapter 11 of the Bankruptcy Code, or a proceeding is filed under Chapter 7 of the Bankruptcy Code and is transferred to Chapter 11 of the Bankruptcy Code, the Bankruptcy Trustee or Ground Lessee, as Debtor and as Debtor-In-Possession, may not elect to assume this Ground Lease unless, (a) if such Bankruptcy filing occurs prior to Final Acceptance, the Bankruptcy Trustee or Ground Lessee also assumes the Development Agreement and the Financing Lease, and (b) at the time of such assumption, the Bankruptcy Trustee or Ground Lessee has cured all defaults under the Ground Lease and the Financing Lease and paid all sums due and owing under the Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred) or provided Ground Lessor with "adequate assurance" (as described in Bankruptcy Code Section 365(a)) that: (i) the Bankruptcy Trustee or Ground Lessee will promptly pay all sums then due and owing under this Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred) and compensate Ground Lessor for any actual pecuniary loss resulting from any existing default or breach of this Ground Lease and the Financing Lease (and the Development Agreement, if Final Acceptance has not yet occurred) including without limitation, Ground Lessor's reasonable costs, expenses, accrued interest, and attorneys' fees incurred as a result of the default or breach; and (ii) the Bankruptcy Trustee or Ground Lessee will promptly cure all non-monetary defaults

and breaches under this Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred).

B. Assignment of Ground Lease, Financing Lease and the Development Agreement. If the Bankruptcy Trustee or Ground Lessee has assumed the Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred) pursuant to the provisions of this Section 21, for the purpose of assigning Ground Lessee's interest hereunder to any other person or entity, such interest may be assigned only after the Bankruptcy Trustee, Ground Lessee or the proposed assignee have complied with all of the terms, covenants and conditions of this Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred), including, without limitation, those with respect to use set forth in Section 12 hereof and construction of the Improvements in accordance with the provisions set forth in the Development Agreement. Ground Lessor and Ground Lessee acknowledge that such terms, covenants and conditions are commercially reasonable in the context of a bankruptcy proceeding of Ground Lessee. Any person or entity to which this Ground Lease, the Financing Lease and the Development Agreement is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations of Ground Lessee arising under this Ground Lease and the Financing Lease (and the Development Agreement if Final Acceptance has not yet occurred) on and after the date of such assignment. Any such assignee shall upon request execute and deliver to Ground Lessor an instrument confirming such assignment.

22. Quiet Enjoyment. Ground Lessor agrees that so long as Ground Lessee is not in default hereunder, Ground Lessee's quiet enjoyment of the Property shall not be disturbed by any act of Ground Lessor. Ground Lessor reserves the right to grant or relocate easements, vacate roads, streets or alleys or enter into other covenants, conditions, restrictions and other agreements not inconsistent with use of the Land for the Improvements and that do not materially and adversely affect the use or occupancy of the Property for the Permitted Use (as defined in the Financing Lease) without notice to or consent from the owners of the Bonds, the Ground Lessee or Trustee, and DIS executes an Amendment to the Financing Lease that complies with the requirements of Section 2(B)(d) of this Ground Lease.

23. Present Condition of Land. Ground Lessee has had an opportunity to and has conducted a thorough investigation of the Land and is in all material respects, knowledgeable and familiar with the present condition and state of the Land. The Land is leased to Ground Lessee in its present condition and state of repair, subject to (a) all existing conditions of title and (b) all applicable Requirements of Law now or hereafter in effect. Ground Lessee acknowledges that the Land and structures adjoining the same, subsurface conditions, infrastructure, or lack thereof and the present tenancies, uses and non-uses thereof, are acceptable to Ground Lessee and that, subject to the provisions of Section 24 below, Ground Lessee accepts the same, without recourse to Ground Lessor, in the condition or state in which they or any of them now are, without representation or warranty by Ground Lessor, express or implied in fact or by law, as to the nature, condition or usability thereof or as to the use or uses to which the Land or any part thereof may be put or as to the prospective income from, or expense of operation of, the Land.



24. Hazardous Substances.

A. Use. Ground Lessee, its officers, directors, agents, employees or contractors shall not use the Property in a manner that violates any applicable federal, state or local law, regulation or ordinance, including, but not limited to, any such law, regulation or ordinance pertaining to air and water quality, the handling, transportation, storage, treatment, usage or disposal of Toxic or Hazardous Substances, air emissions, other environmental matters, and all zoning and other land use matters. Ground Lessee shall not cause or permit the release or disposal of any Toxic or Hazardous Substances on or from the Property. In the event DIS or another state agency is not in occupancy of the Property under the Financing Lease, Ground Lessee shall obtain prior written approval from Ground Lessor before causing or permitting Toxic or Hazardous Substances to be brought upon, kept or used in or about the Property by Ground Lessee, its agents, employees, contractors or invitees.

B. Indemnity. Ground Lessee agrees to protect, indemnify, defend (with counsel satisfactory to Ground Lessor) and hold Ground Lessor in its capacity as ground lessor under this Ground Lease and its officials, officers, employees and agents, harmless from any claims, judgments, damages, penalties, fines, expenses, liabilities or losses arising after the Effective Date of this Ground Lease and arising out of or relating to the presence, release or disposal of Toxic or Hazardous Substances placed or released on the Property during the term of this Ground Lease, provided that so long as DIS or another state agency is in occupancy of the Property under the Financing Lease this indemnification shall apply only to Toxic or Hazardous Substances placed or released on the Property during the term of this Ground Lease by Ground Lessee, Developer, Contractors or any of their respective agents, employees, contractors, subcontractors or invitees. Notwithstanding the foregoing, in no event shall Ground Lessee be obligated to indemnify Ground Lessor under this Ground Lease, from any such claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of Toxic or Hazardous Substances that were present in the soil, groundwater or soil vapor on or under the Property or any adjacent or nearby property as of the Effective Date of this Ground Lease ("Pre-Existing Hazardous Substances").

The indemnification provided by this Section shall also specifically cover, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party because of the presence or suspected presence of Toxic or Hazardous Substances in the soil, groundwater, or soil vapor on or under the Property. Such costs may include, but not be limited to, diminution in the value of the Property, damages for the loss or restriction on use of rentable or useable space or of any amenity of the Property, sums paid in settlements of claims, attorney's fees, consultant's fees and expert fees.

C. Obligations of Ground Lessor. Ground Lessor shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of Pre-Existing Hazardous Substances, including without limitation costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party because of the presence or suspected presence of Pre-

Existing Hazardous Substances. Such costs may include, but not be limited to, sums paid in settlements of claims, attorney's fees, consultant's fees and expert fees.

D. Remediation of Pre-Existing Hazardous Substances. If Developer discovers during or following the demolition of existing improvements on the Land that Pre-Existing Hazardous Substances exist in the soil or in the ground water at or originating from the Land, the Ground Lessee shall cause the Developer to promptly notify Ground Lessee, Ground Lessor and DIS, of its discovery of Pre-Existing Hazardous Substances. The Ground Lessee shall require the Developer to cause such Pre-Existing Hazardous Substances to be remediated to the applicable cleanup standards under applicable Environmental Laws in light of Ground Lessee's intended lease of the Land to DIS for office and data center purposes and shall be reimbursed by Ground Lessee for its actual, necessary, and reasonable cost (with due consideration for the time constraints that may be involved) of performing the Remedial Work (defined below) (the "Environmental Remedial Costs") in accordance with the following procedures:

(i) As used in this Ground Lease, the term "Remedial Work" means all activities performed in connection with the assessment, cleanup, removal, mitigation, monitoring or containment of the Pre-Existing Hazardous Substances to meet the requirements of applicable Environmental Laws relating to the cleanup or remediation of Hazardous Substances in light of the reasonable intended use of the Land at the time the Remedial Work commences. The term Remedial Work also includes all negotiations with any governmental agency or its employees or consultants relating to the performance of Remedial Work in connection with such Pre-Existing Hazardous Substances, the reasonable fees and expenses of Developer and its agents, Contractors and consultants and any fines or penalties assessed against Developer in connection therewith. Developer shall not be entitled to reimbursement from Ground Lessee for any Remedial Work or any portion thereof caused by or resulting from the negligence of Developer, its agents, employees or Contractors, its failure to perform the Remedial Work in substantial accordance with the Remedial Work Notice or applicable Environmental Laws or from any Hazardous Substances placed on the Land after the Effective Date.

(ii) Prior to commencement of Remedial Work, the Development Agreement shall provide that the Developer notify Ground Lessee, Ground Lessor and DIS of its intent to cause performance of any material Remedial Work (the "Remedial Work Notice"). The Remedial Work Notice shall indicate the location, nature and likely source of the Pre-Existing Hazardous Substances requiring Remedial Work, the scope of the Remedial Work, and the estimated cost of the Remedial Work. Developer shall permit Ground Lessor, Ground Lessee, DIS and their respective agents, consultants and contractors prompt and reasonable access to the Land to confirm that the Remedial Work is required. Ground Lessee, Ground Lessor and DIS shall have twenty-four (24) hours to review the Remedial Work Notice and to inspect the Land, and to advise Developer of any objections to performance of the Remedial Work Notice if acting reasonable, they determine that the Remedial Work Notice does not comply with applicable Environmental Laws or that Hazardous Substances are not Pre-Existing Hazardous Substances.

(iii) If Developer has not received an objection to performance of the Remedial Work Notice within the time period set forth above, the Development Agreement shall provide that the Developer shall cause the Remedial Work to be performed in accordance with the Remedial Work Notice and all applicable Laws and the Remedial Work Notice shall be deemed to be a change order under the Development Agreement. Upon completion of the Remedial Work, the Development Agreement shall provide that the Developer provide Ground Lessee, Ground Lessor and DIS with evidence that the Remedial Work has been performed in accordance with the Remedial Work Notice and applicable Laws, together with an accounting of the costs for the Remedial Work. Ground Lessor shall pay Ground Lessee the Environmental Remedial Costs to be reimbursed to Developer within ninety (90) days thereafter, together with interest thereon at the rate of one percent (1%) per month until paid if the amount of such Environmental Remedial Costs have not been reimbursed in full within thirty (30) days following receipt of an itemization of the Environmental Remedial Costs.

(iv) Notwithstanding the provisions of Section 24(D)(i) through (iii) above, Developer and/or Ground Lessee may, without notice to Ground Lessor, cause Remedial Work to be done if the Remedial Work is necessary to prevent an immediate and substantial endangerment to the environment or the public health, safety and welfare or will cost less than Fifty Thousand Dollars (\$50,000). In such event, Developer and/or Ground Lessee shall notify Ground Lessor as soon as possible after it learns of the presence of the Pre-Existing Hazardous Substances. Ground Lessee shall be reimbursed for the cost of such Remedial Work in accordance with Section 24(D)(iii) above.

(v) If Ground Lessor notifies Ground Lessee within the time period set forth in Section 24D(ii) above that it disputes the existence of Pre-Existing Hazardous Substances, the performance of the Remedial Work or the Environmental Remedial Costs, Ground Lessee shall cause such dispute to be resolved using the dispute resolution process described in Section 24 of the Development Agreement and then, if necessary, litigation. Failure to reach agreement on the Environmental Remedial Costs shall not relieve Developer from its duties and obligations under the Development Agreement.

E. Notification Requirements. Ground Lessee shall promptly notify Ground Lessor, in writing of all spills or releases of any Toxic or Hazardous Substances, all failures to comply, with any federal, state, or local law, regulation or ordinance, all inspections of the Property by any regulatory entity concerning the same, all notices, orders, fines or communications of any kind from any governmental entity or third party that relate to the existence of or potential for environmental pollution of any kind existing on or resulting from the use of the Property or any activity conducted thereon, and all responses or interim cleanup action taken by or proposed to be taken by any government entity or private party on the Property.

Upon request by Ground Lessor, Ground Lessee shall provide Ground Lessor with a written report (a) listing the Toxic or Hazardous Substances that were used or stored on the Property; (b) discussing all releases of Toxic or Hazardous Substances that occurred or were discovered on the Property and all compliance activities related to Toxic or Hazardous Substances, including all contacts with and all requests from third parties for cleanup or compliance; (c) providing copies of all permits, manifests, business plans, consent agreements or other contracts relating to Toxic or Hazardous Substances executed or requested during that time

period; and (d) including such other information requested by Ground Lessor. The report shall include copies of all documents and correspondence related to such activities and written reports of verbal contacts.

F. Inspection Rights. Ground Lessor, its officers, employees and agents, shall have the right, but not the duty, to inspect the Property and Ground Lessee's relevant environmental and land use documents at any time and to perform such tests on the Property as are reasonably necessary to determine whether Ground Lessee is complying with the terms of this Ground Lease. If Ground Lessee is not in compliance with this Ground Lease, Ground Lessor, without waiving or releasing any right or remedy it may have with respect to such noncompliance, shall have the right to immediately enter upon the Property to remedy any contamination caused by Ground Lessee's failure to comply notwithstanding any other provision of this Ground Lease. Ground Lessor shall use reasonable efforts to minimize interference with Ground Lessee's business but shall not be liable for any interference caused thereby.

G. Corrective Action. After the Commencement Date of the Financing Lease (as therein defined), but only if DIS or another state agency is no longer in occupancy of the Property under the Financing Lease, in the event any Remedial Work of any kind is necessary under any applicable federal, state or local laws, regulations or ordinances, or is required by any governmental entity or other third person because of or in connection with the presence or suspected presence of Toxic or Hazardous Substances on or under the Property, Ground Lessee shall assume responsibility for all such Remedial Work and shall promptly commence and thereafter diligently prosecute to completion all such Remedial Work, unless the Toxic or Hazardous Substances are present solely as a result of the actions of Ground Lessor, or its officials, officers, employees or agents. Ground Lessee shall pay for all costs and expenses of such Remedial Work, including, without limitation, Ground Lessor's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event Ground Lessee shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Ground Lessor may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall become immediately due and payable as Additional Rent due to the Ground Lessor from the Ground Lessee.

25. Time of the Essence. The parties agree that time is of the essence in the performance of every covenant, term, condition, and obligation to be performed hereunder.

26. Ground Lessor's Right of Entry. Ground Lessor and its authorized agents and representatives shall have the right to enter the Property at all reasonable times for the purpose of (a) inspecting the same and (b) making any necessary repairs thereto and performing any other work therein or thereon that may be necessary by reason of Ground Lessee's failure to make any such repairs or perform any such other work therein or thereon or to commence the same within thirty (30) days after written notice from Ground Lessor. Nothing herein shall imply any duty upon the part of Ground Lessor to do any such work and performance thereof by Ground Lessor shall not constitute a waiver of Ground Lessee's default in failing to perform the same. Ground Lessor shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Ground Lessee by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies or equipment into or through the

Property during the course thereof and the obligations of Ground Lessee under this Ground Lease shall not be affected thereby.

27. Notices. Any notices or other communication which Ground Lessor or Ground Lessee shall desire or be required to give pursuant to the provisions of this Ground Lease shall be in writing and shall be personally delivered or sent by regular mail and registered or certified mail or by facsimile transmission. The giving of such Notices shall be deemed complete on the third (3rd) business day after the same is deposited in a United States Post Office with postage charges prepaid or on the date when delivered or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices shall be addressed to the persons intended to be given such notice at the respective addresses set forth below or to such other address as such party may theretofore have designated by notice pursuant to this Article:

Address of Ground Lessor:

Department of General Administration  
P.O. Box 41011  
Olympia, WA 98504-1015  
Attention: Assistant Director for Facilities  
Telephone: 360-902-7395  
Facsimile: 360-586-0493

with a copy to:

Department of Information Services  
Jefferson Building  
1110 Jefferson Street Southeast  
P.O. Box 42445  
Olympia, WA 98504-2445  
Attention: Director  
Telephone: (360) 902-3500  
Facsimile: (360) 664-0733

Address of Ground Lessee:

FYI Properties  
c/o National Development Council  
1218 Third Avenue, Suite 1403  
Seattle, WA 98101-3088  
Telephone: 206-448-5244  
Facsimile: 206-448-5246

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section 27.

28. Estoppel Certificates. Each party hereto agrees that during the term of this Ground Lease, within fifteen (15) days after request by the other party hereto, it will execute, acknowledge and deliver to such other party or to any prospective assignee designated by such other party, a certificate stating (a) that this Ground Lease is unmodified and in force and effect (or, if this Ground Lease has been modified, that it is in force and effect as modified, and identifying the modification agreements); (b) the date to which Rent has been paid; (c) whether or not there is any existing default by Ground Lessee in the payment of any Rent or other sum of money hereunder, and whether or not there is any other existing default by either party hereto with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; and (d) whether or not there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party requesting such certificate.

29. Rights Cumulative. All the rights and remedies of Ground Lessor under this Ground Lease or pursuant to present or future law shall be deemed to be cumulative.

30. Non-Waiver. No waiver of any breach by Ground Lessee of any term, covenant, condition or agreement herein and no failure by either party to exercise any right or remedy in respect to any breach hereunder, shall constitute a waiver or relinquishment for the future of any such term, covenant, condition or agreement or of any subsequent breach of any such term, covenant, condition or agreement, nor bar any right or remedy of such party in respect of any such subsequent breach, nor shall the receipt of any Rent, or any portion thereof by Ground Lessor operate as an accord and satisfaction or a waiver of the rights of Ground Lessor to enforce the payment of any other Rent then or thereafter in default, or to terminate this Ground Lease, or, to recover possession of the Property or to invoke any other appropriate remedy which Ground Lessor may select as herein or by law provided. No waiver of any term, covenant, condition, provision or agreement under this Ground Lease shall be deemed to have been made unless in writing and signed by such party.

31. Surrender. Ground Lessee shall, on the last day of the term of this Ground Lease or upon any earlier termination of this Ground Lease, surrender and deliver up the Land and the Improvements and the appurtenances thereto, into the possession of the State, in good order, condition and repair, free and clear of all lettings and occupancies, and free and clear of all liens and encumbrances other than those existing on the date of this Ground Lease and those, if any, created by Ground Lessor, without any payment or allowance whatsoever by Ground Lessor on account of or for the Improvements erected or maintained on the Land, or for the contents thereof or appurtenances thereto. Ground Lessee shall execute, acknowledge and deliver to Ground Lessor such instruments of further assurance as in the opinion of Ground Lessor are necessary or desirable to confirm or perfect the State's right, title and interest in and to all of the above-described property. The provisions of this Section 31 shall survive the expiration or termination of this Ground Lease.

32. Governing Law; Invalidity; Construction. This Ground Lease shall be governed by the laws of the State of Washington. In the event any action is brought to enforce the provisions of this Ground Lease, the venue of any such action shall be Thurston County, Washington, and the parties hereto hereby stipulate to the jurisdiction and venue of the Superior Court for Thurston County, Washington. Each agreement, term, and provision of this Ground

Lease to be performed by Ground Lessee or Ground Lessor shall be construed to be both a covenant and a condition. Each party will carry out its obligations under this Ground Lease diligently and in good faith.

Section captions contained in this Ground Lease are included for convenience of reference only and form no part of the agreement between the parties. As used in this Ground Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include all genders, the singular shall include the plural and the plural shall include the singular, as the context may require. This Ground Lease may be executed in counterparts, each of which constitutes an original and all of which shall constitute but one original.

If any provision of this Ground Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Ground Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Ground Lease shall be valid and be enforced to the fullest extent permitted by law.

The provisions of this Ground Lease shall be construed as a whole according to their common meaning and not strictly for or against any party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Ground Lease. Each party hereto and its counsel has reviewed and revised this Ground Lease and agrees that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be construed in the interpretation of this Ground Lease.

33. Amendments or Modifications of this Ground Lease. Subject to the limitations and conditions set forth in the Indenture, Ground Lessor and Ground Lessee may execute such amendments or modifications to this Ground Lease as they may deem necessary or desirable from time to time and at any time without the consent of the owners of any Bonds or the Trustee. Ground Lessor and Ground Lessee agree to negotiate in good faith any amendments to this Ground Lease that may be requested or required in connection with the issuance of the Bonds.

34. Nature of Relationship. The relationship between the Ground Lessor and Ground Lessee under this Ground Lease shall be solely that of landlord and tenant of real property. It is not intended by this Ground Lease to, and nothing contained in this Ground Lease shall, create any partnership, joint venture or other arrangement between Ground Lessee and Ground Lessor. No term or provision of this Ground Lease is intended to be, or shall be, for the benefit of any person, firm, organization or corporation nor shall any other person, firm, organization or corporation have any right or cause of action hereunder.

35. Entire Agreement. This Ground Lease, any exhibits or attachments hereto and forming a part hereof, the Development Agreement and the Financing Lease set forth the entire agreement of Ground Lessee and Ground Lessor concerning the Property, and there are no other agreements or understandings, oral or written, between Ground Lessee and Ground Lessor. Any subsequent modification of this Ground Lease shall be binding upon Ground Lessee and Ground Lessor only if reduced to writing and signed by the party intended to be bound.

36. No Merger. In no event shall the leasehold interest of Ground Lessee hereunder merge with any estate of Ground Lessor in or to the Land or the leasehold interest of DIS under the Financing Lease. In the event Ground Lessor acquires the leasehold interest of Ground Lessee, so long as Bonds are outstanding under the Indenture, such leasehold interest shall not merge with Ground Lessor's fee interest in the Land or the leasehold interest of DIS under the Financing Lease, and this Ground Lease and the Financing Lease shall remain in full force and effect.

37. No Brokers. Ground Lessor and Ground Lessee each represent to the other that neither is represented by any broker, agent or finder with respect to this Ground Lease in any manner. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Ground Lease, which indemnification shall survive the expiration or earlier termination of this Ground Lease.

38. Registration; Recording of Memorandum. Ground Lessee agrees to maintain books setting forth complete records of any and all transfers and assignments of any interests in this Ground Lease. Neither Ground Lessor nor Ground Lessee shall record this Ground Lease without the written consent of the other; provided, however, that either Ground Lessor or Ground Lessee shall have the right to record a Memorandum of this Ground Lease in a form comparable to that provided in the Financing Lease and Ground Lessee shall cooperate in the execution of such Memorandum.


39. Covenants to Run with the Land; Bind and Inure. The terms, covenants, agreements and conditions herein contained are and shall be deemed to be covenants running with the land and the estate created by this Ground Lease and, subject to the provisions of Section 18 hereof, shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns. If Ground Lessee shall at any time include more than one person or entity, the obligations hereunder of all such persons and/or entities shall be joint and several.



40. Termination of Ground Lease. This Ground Lease shall automatically terminate September 1, 2009 without further action by either party if the Bonds have not been issued on or before August 31, 2009. Ground Lessor and Ground Lessee acknowledge and agree that Ground Lessee's obligations under Section 11 to design and construct the Improvements are contingent upon issuance of the Bonds and Bond Closing. Ground Lessee grants Ground Lessor and/or DIS the right, at no cost, to enter upon and use the Land until Bond Closing for State purposes, including without limitation, predevelopment work related to the Improvements pursuant to the terms of A-08-OTH-078 Agreement dated December 27, 2007 by and between DIS and Developer, as amended from time to time.

IN WITNESS WHEREOF, the parties have executed this Ground Lease as of the day and year first above written.

FYI PROPERTIES, a Washington non-profit corporation

By:   
Title: VCCG PRESIDENT  
Date: 6/26/09

STATE OF WASHINGTON, acting through the Department of General Administration

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

40. Termination of Ground Lease. This Ground Lease shall automatically terminate September 1, 2009 without further action by either party if the Bonds have not been issued on or before August 31, 2009. Ground Lessor and Ground Lessee acknowledge and agree that Ground Lessee's obligations under Section 11 to design and construct the Improvements are contingent upon issuance of the Bonds and Bond Closing. Ground Lessee grants Ground Lessor and/or DIS the right, at no cost, to enter upon and use the Land until Bond Closing for State purposes, including without limitation, predevelopment work related to the Improvements pursuant to the terms of A-08-OTH-078 Agreement dated December 27, 2007 by and between DIS and Developer, as amended from time to time.

IN WITNESS WHEREOF, the parties have executed this Ground Lease as of the day and year first above written.

FYI PROPERTIES, a Washington non-profit corporation

STATE OF WASHINGTON, acting through the Department of General Administration

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: Linda D. Bremer  
Title: DIRECTOR, GA  
Date: 6/26/09

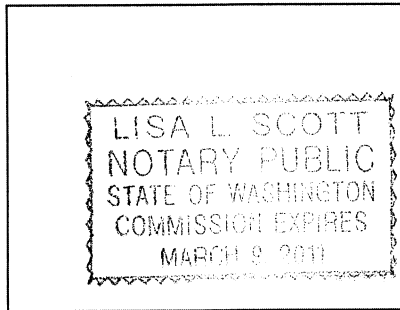
APPROVED AS TO FORM:

By: Susan E. Shannon  
Title: Assistant Attorney General  
Date: June 26, 2009

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

On this 26<sup>th</sup> day of June, 2009 before me personally appeared John Finke and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute the instrument and acknowledged it as the Vice President of FYI PROPERTIES, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



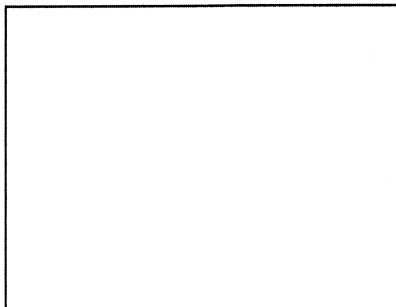
(Use this space for notarial stamp/seal)

Lisa Scott  
Notary Public  
Print Name Lisa Scott  
My commission expires 3/9/2011

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF THURSTON    )

On this \_\_\_\_ day of June, 2009, before me personally appeared \_\_\_\_\_, \_\_\_\_\_, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that \_\_\_\_ signed and sealed the same as the free and voluntary act and deed of the Department of General Administration, State of Washington, for the purposes and uses therein mentioned, and on oath stated that \_\_\_\_ was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



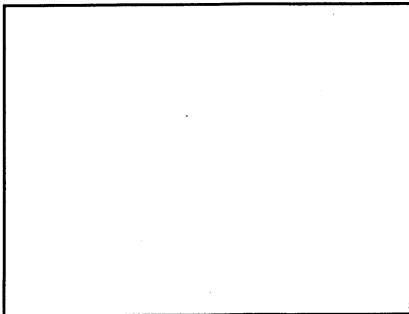
(Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

On this \_\_\_\_\_ day of June, 2009 before me personally appeared John Finke and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute the instrument and acknowledged it as the Vice President of FYI PROPERTIES, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



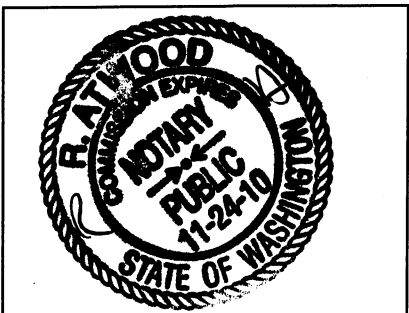
(Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF THURSTON    )

On this 26<sup>th</sup> day of June, 2009, before me personally appeared Reid Bremer, Director, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that \_\_\_\_\_ signed and sealed the same as the free and voluntary act and deed of the Department of General Administration, State of Washington, for the purposes and uses therein mentioned, and on oath stated that \_\_\_\_\_ was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



(Use this space for notarial stamp/seal)

R. Atwood Reid Bremer  
\_\_\_\_\_  
Notary Public  
Print Name Reid Bremer  
My commission expires 11-24-10

## **EXHIBIT A**

### **Legal Description of Land**

Certain real property situated in Thurston County, Washington and more particularly described as follows:

#### **Parcel A:**

Lots 1 through 14 in Block 3 of Pattison's Subdivision, as recorded in Volume 1 of Plats, page 65. EXCEPTING THEREFROM the right-of-way of the Olympia-14th Avenue-Capitol Approach.

#### **Parcel B:**

Lots 1 through 4 of Hill's Sub-division of Lots 1, 2, 15 and 16 in Block 4 of Pattison's Subdivision of Lots 9, 10, 11 and 12 in Blocks 57, 62 and 63 of Swan's Addition to the City of Olympia, as recorded in Volume 6 of Plats, page 9. EXCEPTING THEREFROM that portion condemned by the City of Olympia for Lincoln St., now known as Wheeler Ave., by Thurston County Superior Court Cause No. 4626 dated August 26, 1912.

#### **Parcel C:**

Lots 3 through 14 in Block 4 of Pattison's Subdivision of Lots 9, 10, 11 and 12 in Blocks 57, 62 and 63 of Swan's Addition to the City of Olympia, as recorded in Volume 1 of Plats, page 65. EXCEPTING THEREFROM that portion condemned by the City of Olympia for Lincoln St., now known as Wheeler Ave., by Thurston County Superior Court Cause No. 4626 dated August 26, 1912.

#### **Parcel D:**

Lots 1 through 8 in Block 5 of Pattison's Subdivision of Lots 9, 10, 11 and 12 in Blocks 57, 62 and 63 of Swan's Addition to the City of Olympia, as recorded in Volume 1 of Plats, page 65. Also Lot 10 of the Northwest Subdivision of Block 64 of Swan's Subdivision of Blocks 59, 60, 61 and fractional Blocks 64, 65, and 66 of Swan's Addition to the City of Olympia, as recorded in Volume 1 of Plats, page 37. Also that portion of Chestnut Street vacated by City of Olympia Ordinance No. 3212. EXCEPTING THEREFROM that portion of the above described premises lying Northeasterly of the southwesterly line of Primary State Highway No. 1, City of Olympia, 22nd Avenue to Grand Boulevard.

#### **Parcel E:**

That portion of the Levi H. Offut Donation Claim No. 56, Township 18 North, Range 2 West, W.M., described as follows:

Beginning at a point 772.2 feet North of the Southeast corner of the Edmund Sylvester Donation Claim No. 47, Township 18 North, Range 2 West, W.M., thence East 240 feet, thence South 240

feet, thence West 240 feet, thence North 240 feet to the point of beginning. EXCEPTING THEREFROM the North 20 feet, as granted to the City of Olympia by instrument recorded October 31, 1908 under Auditor's File No. 41970. ALSO EXCEPTING THEREFROM an alley 10 feet in width, as granted to the City of Olympia by instrument recorded February 24, 1914 under Auditor's File No. 64889.

Parcel F:

Lots 1 through 8 of Parker's Addition, as recorded in Volume 4 of Plats, page 7. EXCEPTING THEREFROM that portion condemned by the City of Olympia for Lincoln Street, now known as Wheeler Avenue, by Thurston County Superior Court Cause No. 4626. ALSO EXCEPTING the East 22 feet of Lots 4 and 5 of said Parker's Addition for Cherry Street, as granted by instrument recorded May 8, 1946 under Auditor's File No. 406477.

Parcel G:

That portion of the Levi H. Offut Donation Claim No. 56, Township 18, North, Range 2 West, W.M., described as follows:

Beginning at a point 772.2 feet North and 508 feet East of the Southeast corner of the Edmund Sylvester Donation Claim No. 47, Township 18 North, Range 2 West, W.M.; thence running South 240 feet, thence East 263 feet, thence North 240 feet, thence West 263 feet to the point of beginning. EXCEPTING THEREFROM that portion conveyed to Puget Sound Power & Light Company, a Washington Corporation, by deed recorded December 28, 1971 under Auditor's File No. 857209. TOGETHER WITH that portion of 16th Avenue vacated by City of Olympia Ordinance 3265, recorded March 8, 1978 under Auditor's File No. 1029459, that attaches by operation of law.

Parcel H:

That Part of the Northeast quarter of Section 23, Township 18 North, Range 2 West, W.M. described as follows:

All Streets and alleys vacated by City of Olympia Ordinance No. 6549, as recorded May 23, 2008 under Auditor's File No. 4012360, bounded by 14th Avenue SE on the North, Jefferson Street SE on the West, 16th Avenue SE on the South and by the Henderson/14th Avenue SE on-ramp to 1-5 on the East; EXCEPTING THEREFROM that part of Cherry Street SE lying Southerly of a line running West from a point 699.2 feet North and 508 feet East of the Southeast corner of the Edmund Sylvester Donation Claim No. 47, in Township 18 North, Range 2 West.